

An aerial photograph of a vast, clear turquoise ocean. In the lower-left quadrant, a small white motorboat is moving towards the right, leaving a white wake. The water is so clear that dark, irregular patches of coral or seabed are visible beneath the surface. In the far distance, a small island with some buildings and vegetation is visible on the horizon. The sky is a pale blue with scattered, soft white clouds.

Deloitte Insurance Week

Where Reinsurance Meets

Ethics for Actuaries

May 9th, 2024

Professional Skills Training Ethics for Actuaries

Meet Your Facilitators

Presenters



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General Reminder

Responding to Poll Questions

- We will have poll questions during the presentation.
- For this presentation, your microphone will be automatically muted.
- If you have any questions or would like to add to a discussion, feel free to click on the “Raise Hand” icon under “Reactions” in the bottom, center of your screen so that we can know to unmute you.

Windows | macOS

1. In the meeting/webinar controls, click **Reactions** 🗨️, then click **Raise Hand** 🙋.

The host will be notified that you've raised your hand.

If the host allows you to talk, you may be prompted to unmute yourself. While unmuted, your profile picture and name are displayed to the host and panelists. Only your name is displayed to other attendees.

2. In the meeting/webinar controls, click **Lower Hand** to lower it, if needed.
This will not mute yourself if you are unmuted.

Note: Users can also raise or lower their hand with the **Alt+Y** (Windows) or **Option+Y** (macOS) keyboard shortcuts.

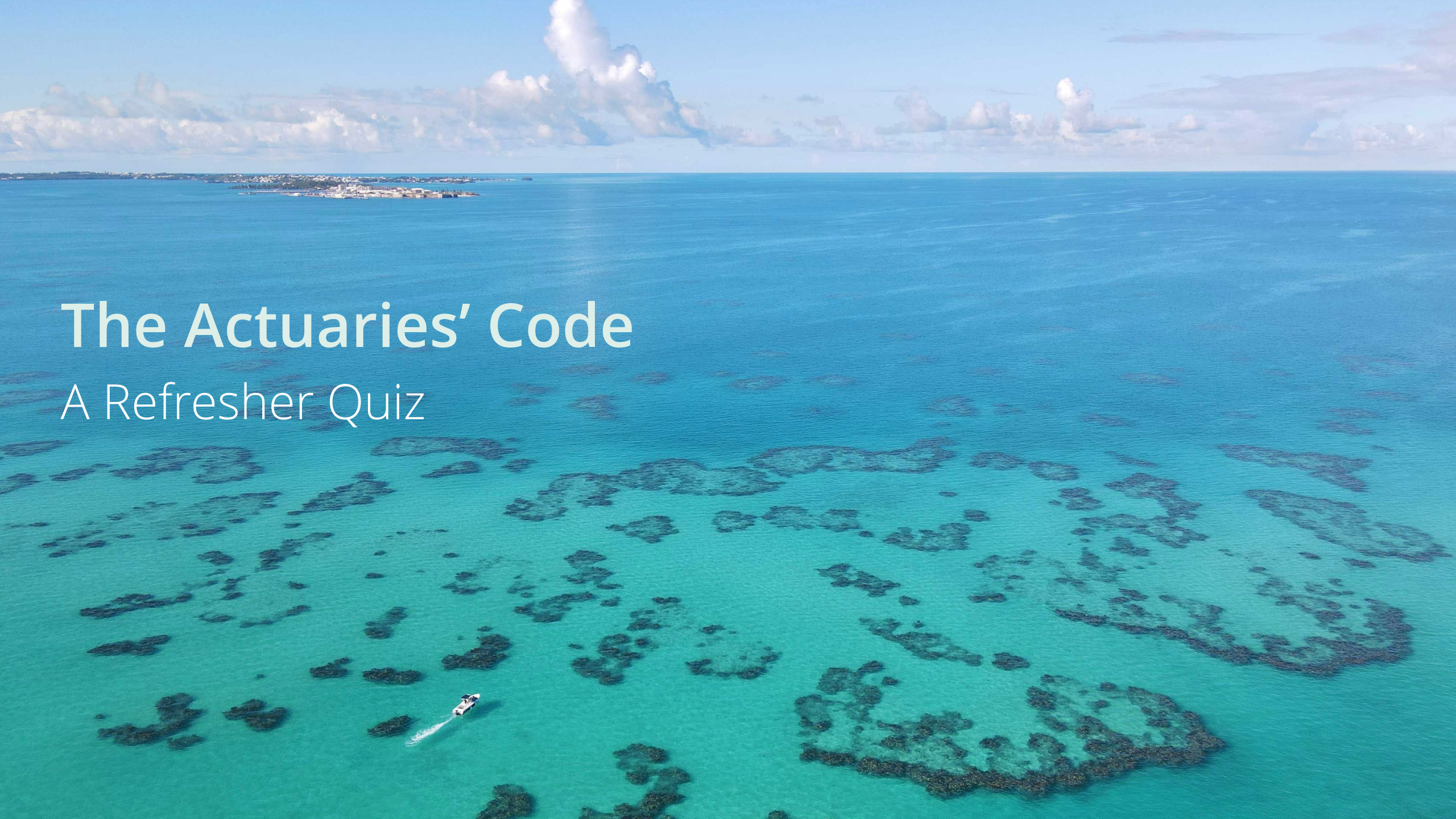
** Sourced from the official Zoom Support site*



Agenda

- Introduction
- The Actuaries' Code
- Understanding Ethics
- Ethical Decision Making
- Case Study #1
- Case Study #2
- Case Study #3
- Case Study #4
- Questions
- Storyboard



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The Actuaries' Code

A Refresher Quiz

The Actuaries Code



Institute and Faculty of
Actuaries

“The Actuaries' Code applies **at all times** to members' **conduct in their work as actuaries** and is taken into consideration where members' **conduct in other contexts** could reasonably reflect on the actuarial profession. Where a member's conduct is called into question, failure to observe the Actuaries' Code may be taken into account by a **Disciplinary Panel**.”

The Actuaries' Code

A Refresher Quiz - Question 1

Poll: What is the purpose of the Actuaries' Code?

- A. Provide a set of rules which must be followed by Members
- B. Build and promote confidence in the work of actuaries and in the actuarial profession
- C. Be used as a defense for Members if subject to disciplinary investigations
- D. Instruct Members on how to behave

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The Actuaries' Code

A Refresher Quiz - Question 2

Poll: Who does the Actuaries' Code apply to?

- A. All Fellows of the IFoA
- B. All Fellows, Associates and CAA members of the IFoA
- C. All Members of the IFoA, regardless of membership status
- D. All Fellows and Associates of the IFoA

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The Actuaries' Code

A Refresher Quiz - Question 3

Poll: When does the Actuaries' Code apply?

- A. The Actuaries' Code applies to all actions taken by an actuary, whether in or out of work
- B. The Actuaries' Code applies at all times to a Member's conduct in an actuarial role, and when a Member is acting in an official capacity as a Member of the profession
- C. The Actuaries' Code applies only to a Member's conduct in an actuarial role
- D. The Actuaries' Code applies at all times to a Member's conduct in relation to an actuarial role, and will be taken into account whenever a Member's conduct might reasonably be considered to reflect upon the profession

The Actuaries' Code

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The Actuaries' Code

A Refresher Quiz - Question 4

Poll: Sometimes the Code states that a Member 'should' do something, rather than that they 'must' do something. What does this use of the word 'should' mean?

- A. That not complying with the instruction is never justifiable, but that a Member cannot be disciplined for failing to comply
- B. There will sometimes be circumstances in which not complying with the instruction will be justified
- C. That not complying with the instruction is never justifiable, but that a Member will need to exercise judgement to decide how to comply
- D. That complying with the instruction is not a professional duty

The Actuaries' Code

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The Actuaries' Code

A Refresher Quiz - Question 5

Poll: Which of these is NOT one of the six principles in the Actuaries' Code?

- A. Compliance
- B. Competence and care
- C. Fairness
- D. Integrity

The Actuaries' Code

A Refresher Quiz - Question 5

Poll: Which of these is NOT one of the six principles in the Actuaries' Code?

- A. Compliance
- B. Competence and care
- C. **Fairness**
- D. Integrity

The Actuaries' Code

Fundamental Principles



The Actuaries' Code

Fundamental Principles



“Members **must act honestly** and **with integrity**.”

The Actuaries' Code

Fundamental Principles



“Members **must** carry out work **competently and with care.**”

The Actuaries' Code

Fundamental Principles



“Members **must communicate appropriately.**”

The Actuaries' Code

Fundamental Principles



“Members **should speak up** if they believe, or have reasonable cause to believe, that a course of action is **unethical or is unlawful**.”

The Actuaries' Code

Fundamental Principles



“Members **must** comply with all relevant **legal, regulatory and professional requirements.**”

The Actuaries' Code

Fundamental Principles



“Members **must** ensure that their **professional judgement is not compromised**, and cannot reasonably be seen to be compromised, **by bias, conflict of interest, or the undue influence of others.**”

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Understanding Ethics

Ethical Dilemmas

What is Ethics?

Ethical Issues Facing Actuaries Day-to-Day

- The daily choices that Actuaries typically face are largely technical in nature.
- But we also make recommendations that affect our clients, as well as decisions impacting our own careers and businesses.
- This is where things can get tricky. For instance, have you ever thought about:
 1. Changing your interest rate assumption by a mere 0.5% to reduce the contribution for a pension plan?
 2. Ignoring certain data in setting valuation assumptions because it would support strengthening your reserves?
 3. Responding to pressure from Management to select inappropriate assumptions used in pricing or reserving?

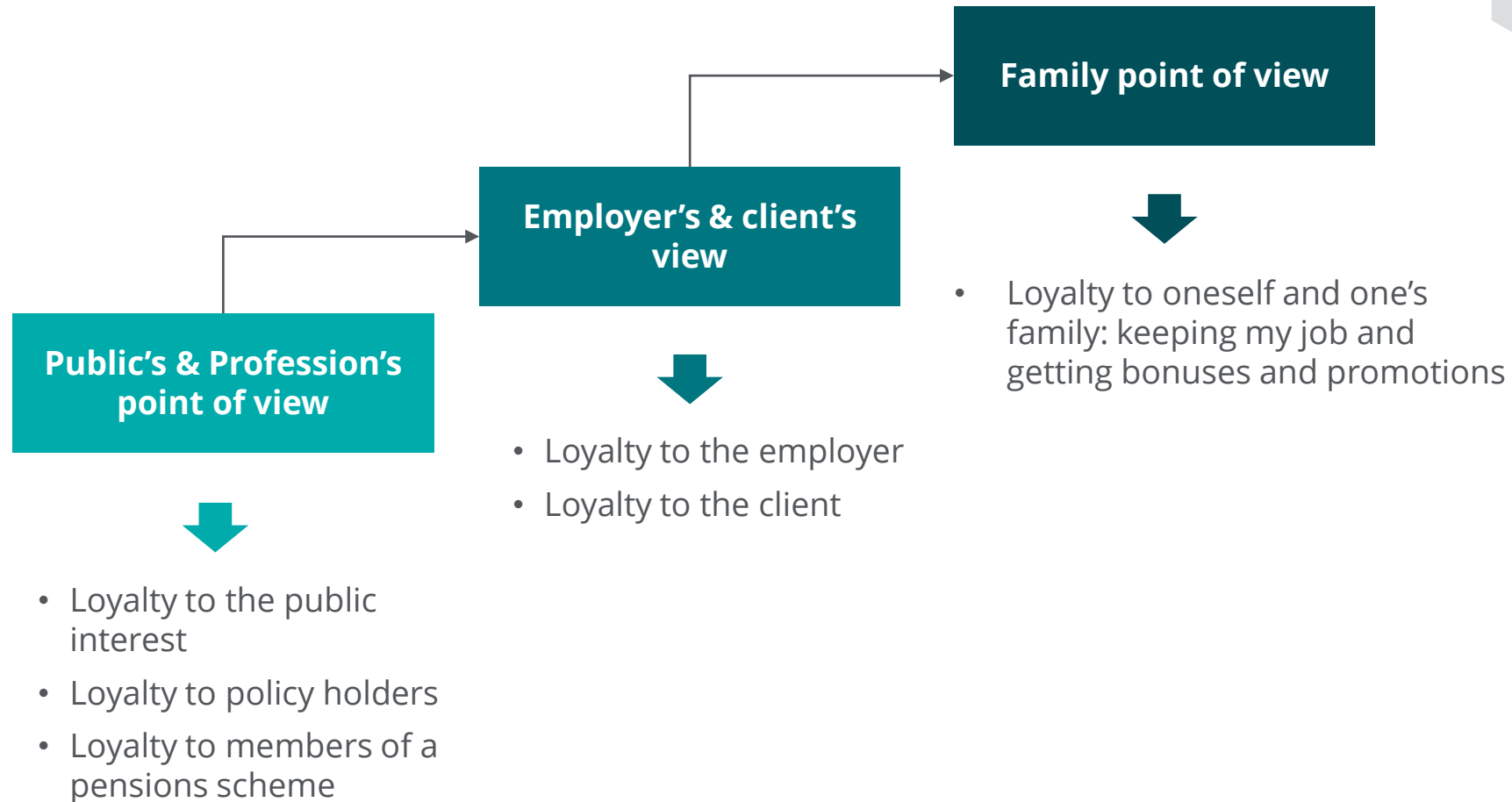
What Guides Ethical Behavior in the Actuarial Profession?

Professional Codes of Conduct

- IFoA: The Actuaries Code [effective August 1, 2023]
- SOA / CAS: Code of Professional Conduct [effective January 1, 2001]
- CIA: Rules of Professional Conduct [updated January 1, 2024]
- ASSA: Code of Conduct [effective 2015]
- IAA: Code of Conduct [effective March 31, 2020]

Ethical Dilemmas

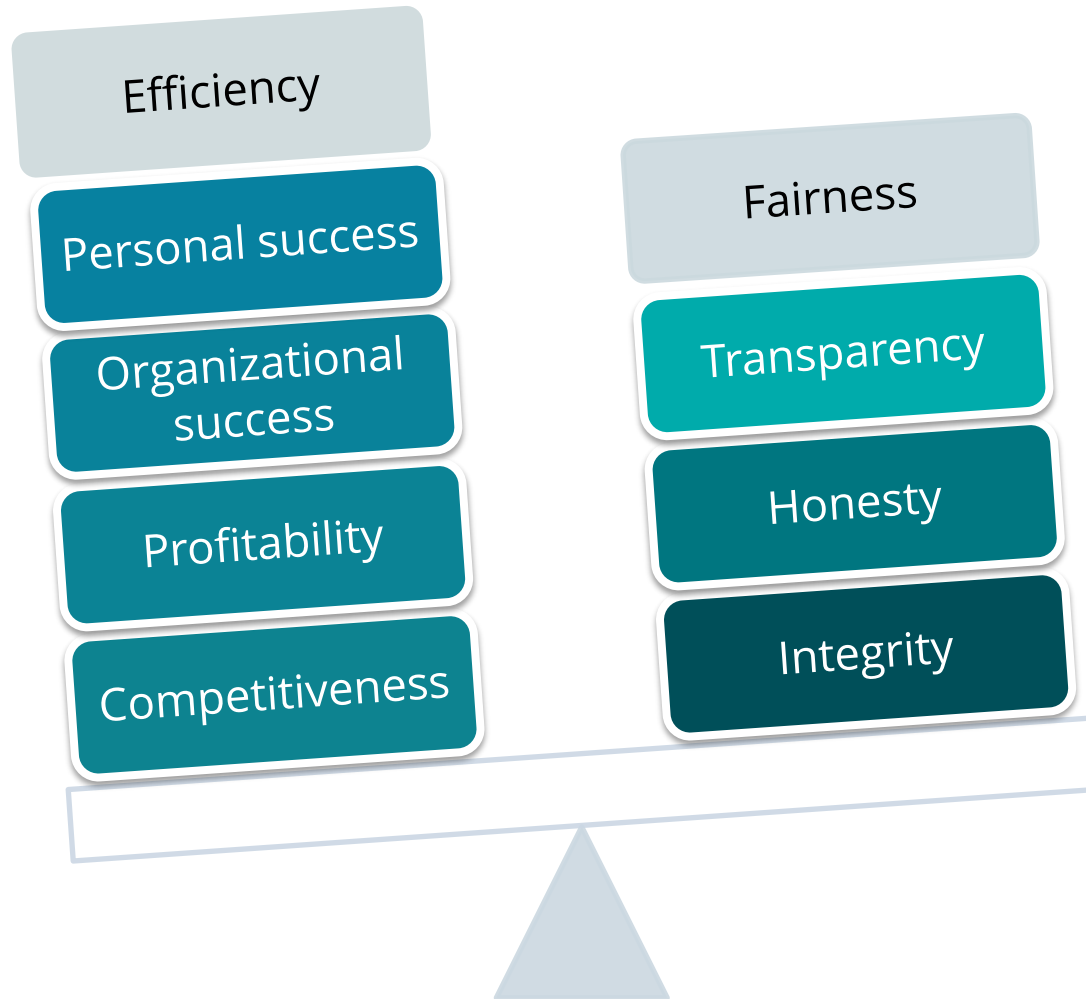
Where Should Your Loyalty Lie?



How can you balance conflicting loyalties?

Ethical Dilemmas

Where Should Your Loyalty Lie?



“Members will not allow bias, conflict of interest or the undue influence of others to override their professional judgement”

Principle 3 of the Actuaries’ code

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Ethical Decision Making

A decision-making framework

Ethical Decision Making

A Decision-Making Framework

What laws, standards and rules are applicable to the situation, if any?

Which option would have the best impact on public trust towards our organization and our profession?

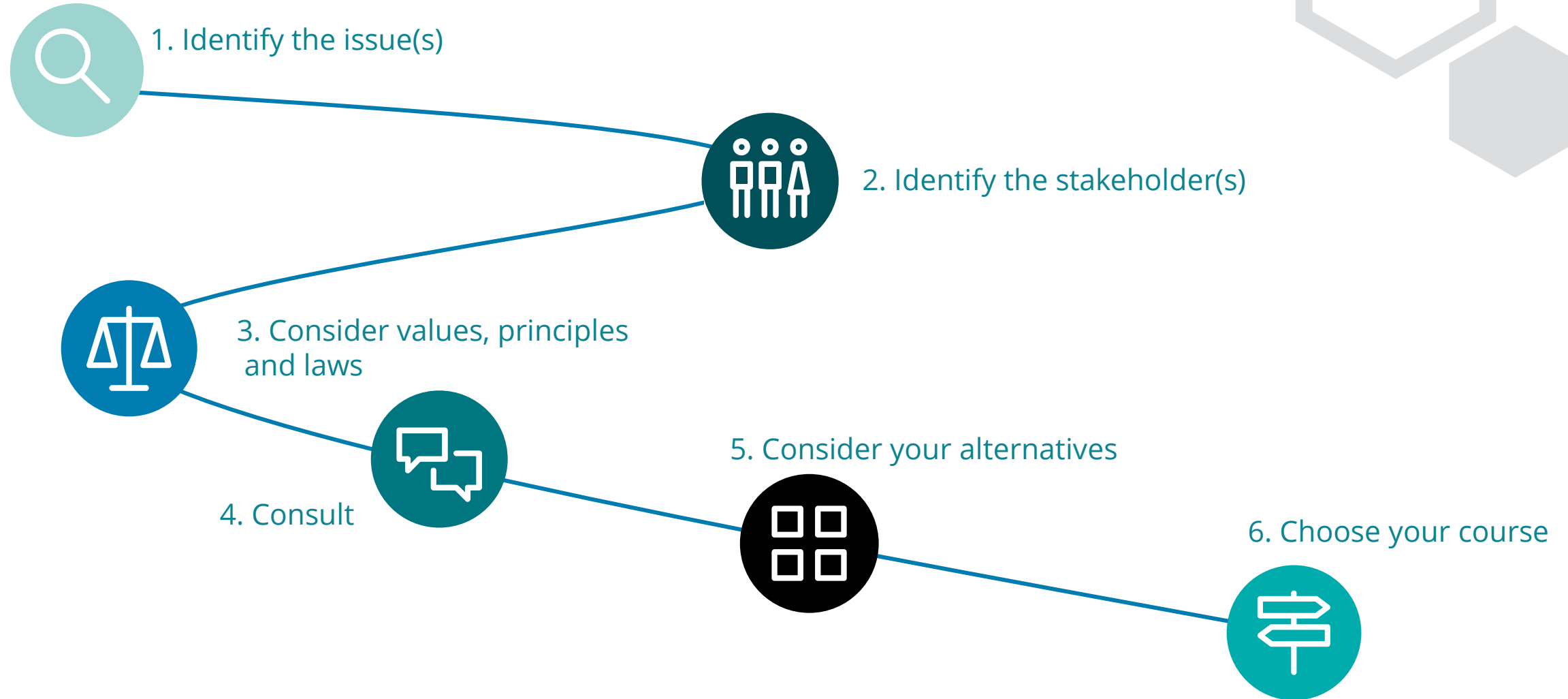
What could be the consequences of my decision on each of the different stakeholders?

(e.g. client / employer, future or current policyholders, general public, coworkers, me, etc.)?

What values are upheld, or not, by each of these consequences?

(e.g. respect, honesty, fairness, transparency, impartiality, efficiency, performance, quality...)

Ethical Decision Making Roadmap



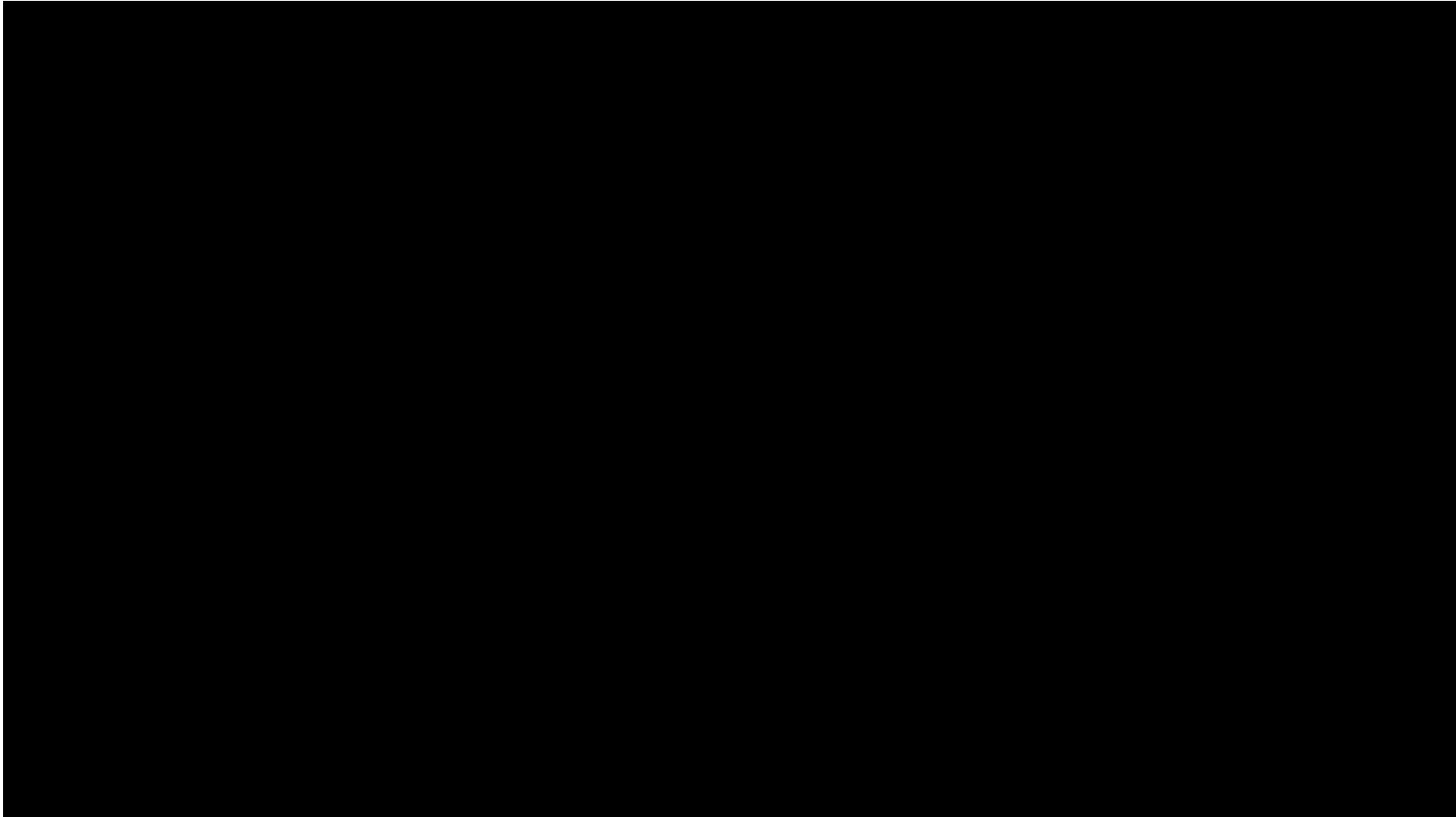
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Case Study #1

Temperatures Rising

Case Study #1

Temperatures Rising



Case Study #1

Temperatures Rising

Poll: What areas of the Actuaries' Code should Lee and Serena be mindful of?

- A. Sensibility
- B. Integrity
- C. Compatibility
- D. All of the above

Case Study #1

Temperatures Rising

Poll: What areas of the Actuaries' Code should Lee and Serena be mindful of?

- A. Sensibility
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- D. All of the above

Case Study #1

Temperatures Rising

Discussion Points

- How do you remain professional in a heated discussion?
- What do you think about Lee's approach?

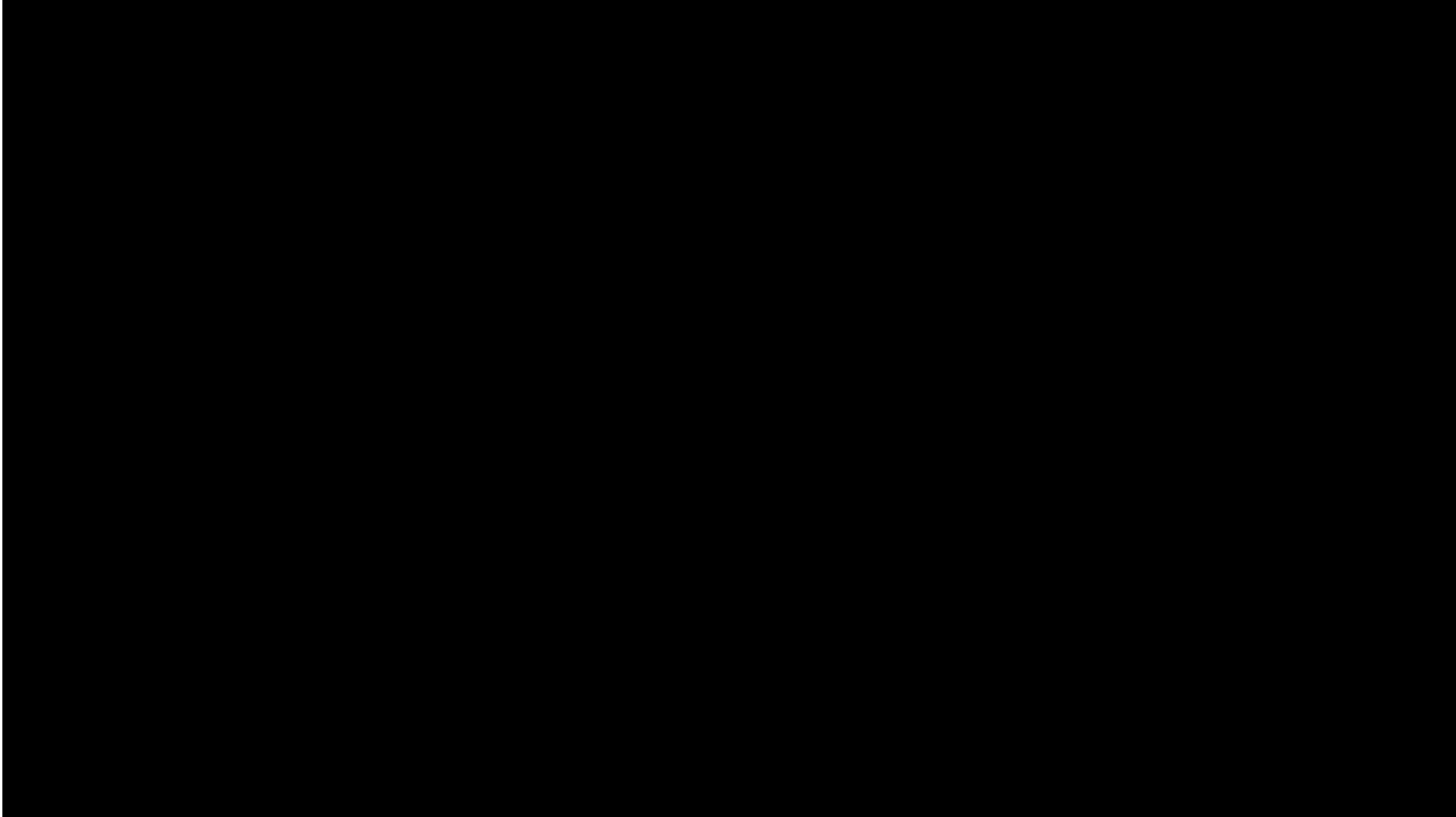
Case Study #2

What's the Harm in That



Case Study #2

What's the Harm in That



Case Study #2

What's the Harm in That

Discussion points

- What areas of the Actuaries' Code (the Code) should Erin be mindful of?
- How could Erin have been clearer in their responses to the board when they were asked about presenting?
- The timelines for the project appeared very short – what could have been done to mitigate that?
- How could Erin have responded to Hari's comments?

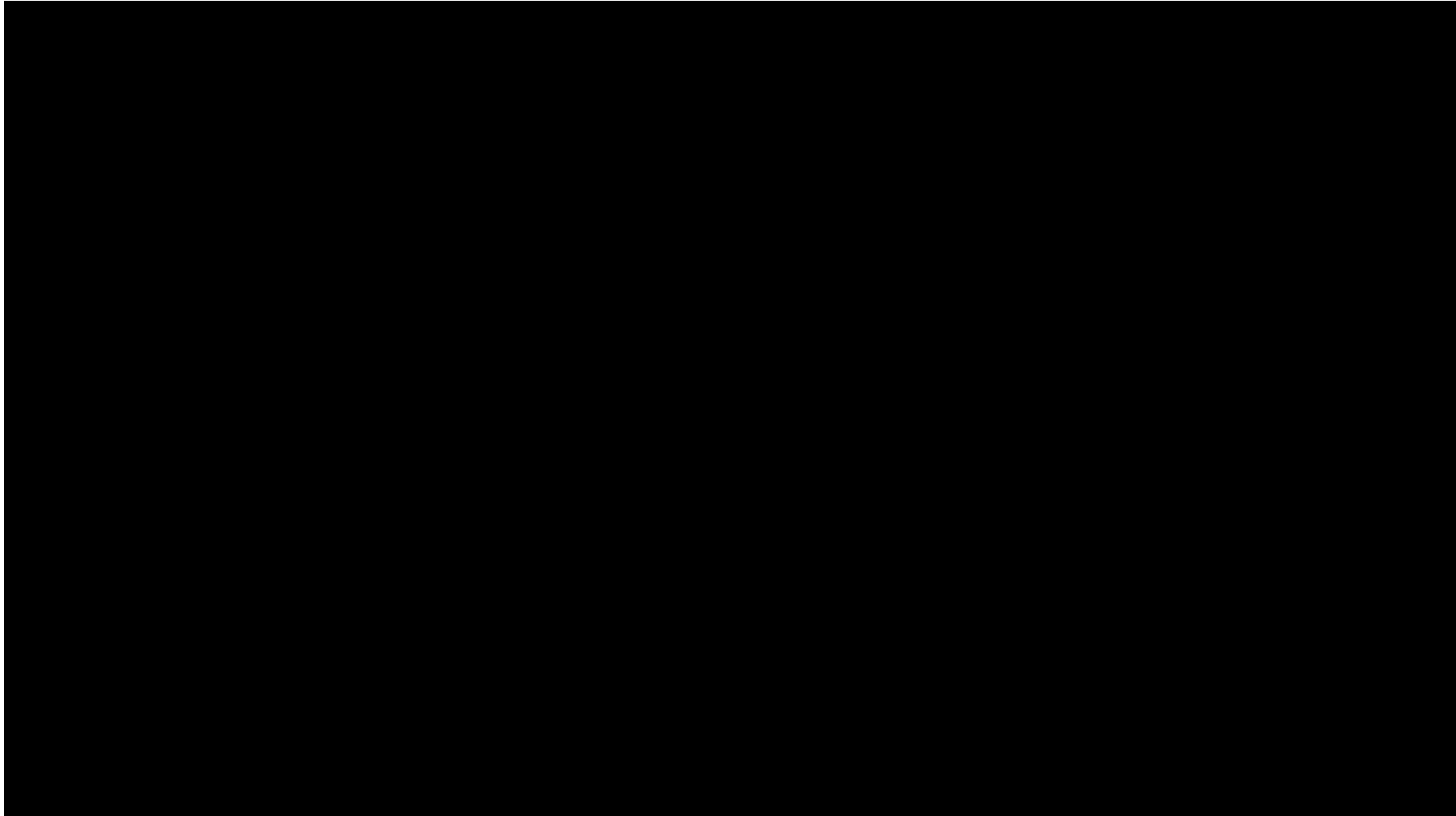
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Case Study #3

Making the Cut

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Case Study #3

Making the Cut

Poll: What actions of Claire's and Michelle could be considered unprofessional?

- A. They were unprepared for the interview
- B. Claire was reading a text
- C. Using inappropriate names in reference to an ex-colleague
- D. All of the above

Case Study #3

Making the Cut

Poll: What actions of Claire's and Michelle could be considered unprofessional?

- A. They were unprepared for the interview
- B. Claire was reading a text
- C. Using inappropriate names in reference to an ex-colleague
- D. All of the above

Case Study #3

Making the Cut

Discussion Points

- Is it acceptable to discount someone who has got a gap in their CV?
- Is it okay to seek further background information on candidates?

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Case Study #4

Time and Time Again

Case Study #4

Time and Time Again



Case Study #4

Time and Time Again

Discussion points

- Is it appropriate for the Chair to settle on a set time for each meeting with international members on the working party?
- How could the committee members (especially those in farther time zones) reply?
- How can the Chair plan and execute these meetings differently given that a lot is covered during them?
- Does the Chair need to be more accommodating since there are members from different time zones? If yes, how can the Chair go about doing that?

Questions

Polls will be Initiated



Questions

Poll #1

An actuary is about to issue a report to a client and is concerned that the client might misinterpret some of the material aspects of the report due to the technical nature of the information. Under the Actuaries' Code, the actuary should:

- A. not issue the report
- B. issue the report, but draw the client's attention to the areas of concern
- C. issue the report with supporting documents explaining the technical points
- D. seek out a colleague who has no such concerns, and ask them to sign and issue the report

Questions

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Questions

Poll #2

Which one of the following is NOT covered in the Actuaries' Code?

Members must communicate:

- A. in a timely manner
- B. clearly
- C. in writing, where the advice is material
- D. in a way that takes into account the users

Questions

Poll #2

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Members must communicate:

- A. in a timely manner
- B. clearly
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- D. in a way that takes into account the users

Questions

Poll #3

Which of the following is/are included in the Actuaries' Code?

Members should speak up if they...

I have proof II believe III have reasonable cause to believe

...that a course of action is unethical or unlawful

- A. I only
- B. I and II only
- C. II and III only
- D. III only

Questions

Poll #3

Which of the following is/are included in the Actuaries' Code?

Members should speak up if they...

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- A. I only
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- D. III only

Questions

Poll #4

Select the missing word from the following sentence:

Members should ----- others on their non-compliance with relevant legal, regulatory and professional requirements.

- A. obstruct
- B. advise
- C. report
- D. challenge

Questions

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Select the missing word from the following sentence:

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- A. obstruct
- B. advise
- C. report
- D. challenge

Questions

Poll #5

Select the missing phrase from the following sentence:

Members must comply with all relevant legal, regulatory and professional requirements.

Members must ----- placed in a position where they are unable to comply.

- A. ensure that they are never
- B. take reasonable steps to ensure they are not
- C. keep a written record of instances where they have been
- D. self-report to the IFoA if they are

Questions

Poll #5

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Members must comply with all relevant legal, regulatory and professional requirements.

Members must ----- placed in a position where they are unable to comply.

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- B. take reasonable steps to ensure they are not
- C. keep a written record of instances where they have been
- D. self-report to the IFoA if they are

Questions

Poll #6

Select the missing phrase from the following sentence:

Members must not act where there is ----- conflict of interest.

- A. an unreconciled
- B. a
- C. any
- D. a material

Questions

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Questions

Poll #7

A client has instructed an actuary to undertake a piece of work which is in direct conflict with that client's needs. Under the principles of the Actuaries' Code, the actuary should:

- A. accept the instruction
- B. not accept the instruction
- C. accept the instruction, highlighting their reservations
- D. not accept the instruction, but recommend another actuary to undertake the work

Questions

Poll #7

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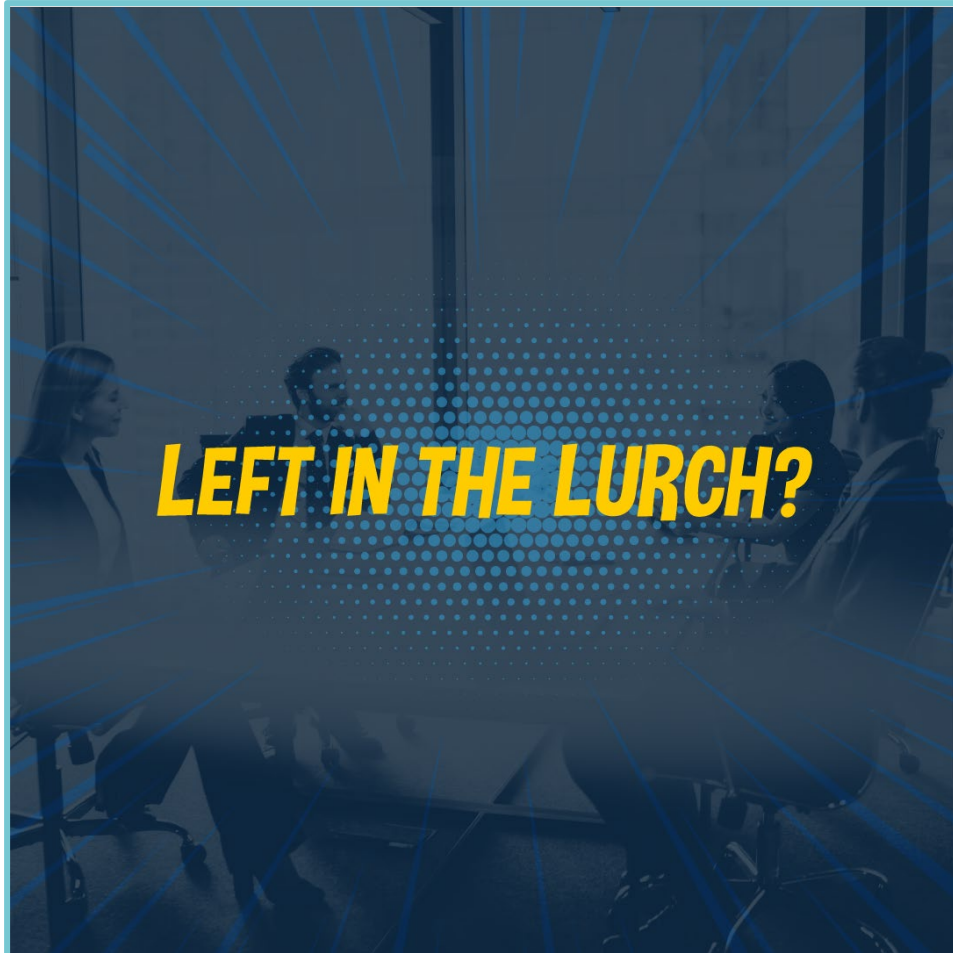
Storyboard

Left in the Lurch



Storyboard

Left in the Lurch



ACTUARIAL MANAGER GRAEME IS HOLDING A MEETING TO DISCUSS THE PLAN FOR THE UPCOMING FINANCIAL REPORTING YEAR, WITH TEAM MEMBERS ALISON, WEN & CAMERON.



Storyboard

Left in the Lurch

WEN INTERJECTS...

I'LL BE OFF FOR MOST OF AUGUST FOR MY WEDDING AND HONEYMOON - I MAY STRUGGLE TO SUPPORT ON THIS ONE, SORRY .

GRAEME NODS IN ACKNOWLEDGMENT BUT CARRIES ON AND PUTS WEN ON THE SPOT. SHE DOESN'T KNOW WHAT TO SAY...

...AND I SUPPOSE THE NEXT 'BIG EVENT' AFTER THAT WILL BE HAVING CHILDREN!

Storyboard

Left in the Lurch

HE TURNS HIS ATTENTION TO CAMERON...

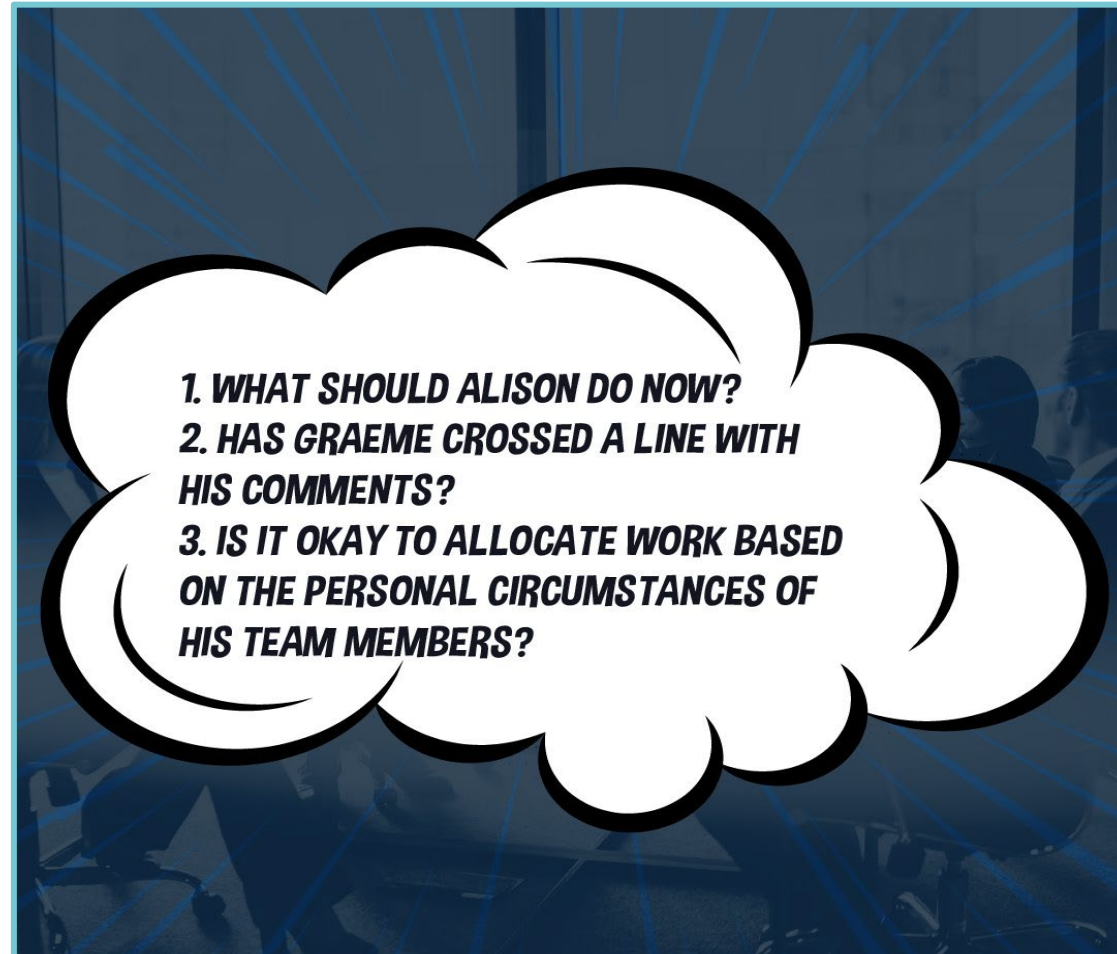


HAVING RUN OUT OF OPTIONS, GRAEME TURNS TO ALISON...



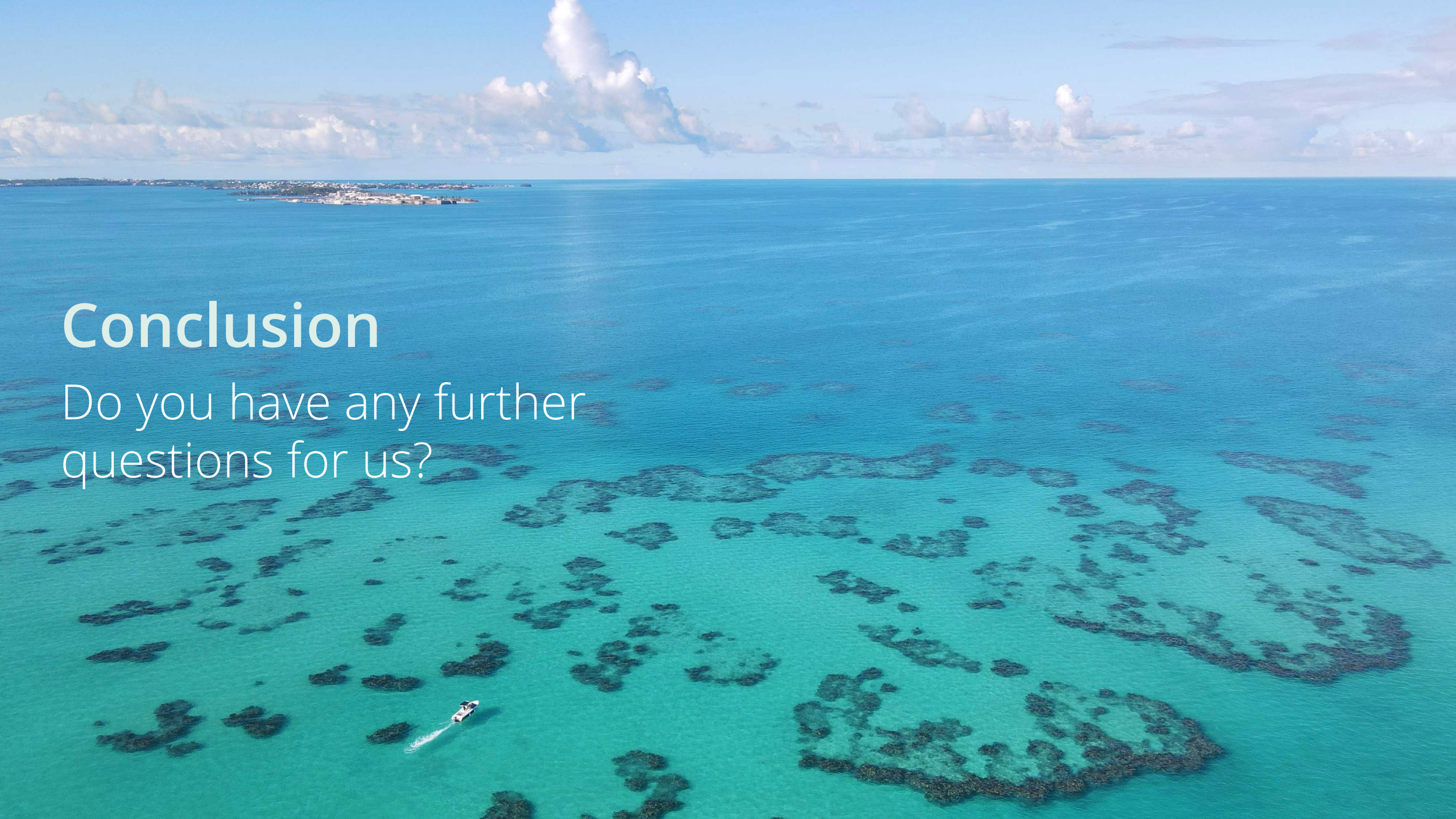
Storyboard

Left in the Lurch



Conclusion

Do you have any further questions for us?





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